WC 10-158

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July 30, 2010

Marlene H. Dortch, Secretary
Federal Communications Commission
Wireline Competition Bureau Applications
P.O. Box 979091
St. Louis, MO 63197-9000

VIA UPS OVERNIGHT

Re: 1) In the Matter of FIBERNET OF VIRGINIA, INC., FIBERNET, L.L.C., FIBERNET TELECOMMUNICATIONS OF PENNSYLVANIA, LLC, AND FIBERNET OF OHIO, LLC Application for Consent to Transfer Control of Companies That Provide International Service Pursuant to Section 63.21(h) of the FCC Rules and Hold Blanket Domestic Section 214 Authority, Pursuant to Section 214 of the Communications Act of 1934, as Amended; and

2) Request for Waiver of the Cable/Telco Buyout Provisions of Section 652(b) of the Communications Act of 1934, as Amended

Dear Ms. Dortch,

Enclosed, for filing with the Commission on behalf of One Communications Corp., the FiberNet entities noted above and NTELOS Inc. (together the "Applicants"), please find an original and six copies of the above-referenced application for consent to a transfer of control and for an associated waiver of Section 652(b) of the Communications Act of 1934, as amended. A completed Fee Remittance Form 159 and a check in the amount of $1,015.00 to cover the filing fee for the application are included within the package. In addition, a duplicate of the filing has been provided for date-stamp and return in the enclosed pre-paid UPS envelope, Pursuant to Section 63.04(b) of the Commission's Rules, the Applicants submit this filing as combined international and domestic Section 214 transfer of control applications ("Combined Applications"). Applicants will electronically file the Combined Applications with the International Bureau through IBFS.

Should you have any questions with respect to this filing, please contact Joan Griffin at (202) 342-8573. Thank you for your assistance with this matter.

Sincerely,

Winafred Brantl

Winafred Brantl

cc: Dennis Johnson

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE
FORM 159

Approved by OMB
3060-0589

(1) LOCKBOX #
979091

US BANK/FCC AUG 0 2 2010

SPECIAL USE ONLY

FCC USE ONLY

SECTION A – PAYER INFORMATION

(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card)
Kelley Drye & Warren LLP

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)
$1,015.00

(4) STREET ADDRESS LINE NO. 1
3050 K Street, NW

(5) STREET ADDRESS LINE NO. 2
#400

(6) CITY
Washington

(7) STATE
DC

(8) ZIP CODE
20007

(9) DAYTIME TELEPHONE NUMBER (include area code)
202-342-8819

(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(11) PAYER (FRN)
0006554778

(12) FCC USE ONLY

IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)
COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(13) APPLICANT NAME
One Communications Corp.

(14) STREET ADDRESS LINE NO. 1
5 Wall Street

(15) STREET ADDRESS LINE NO. 2

(16) CITY
Burlington

(17) STATE
MA

(18) ZIP CODE
08103

(19) DAYTIME TELEPHONE NUMBER (include area code)
781-362-5700

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN)
0015337702

(22) FCC USE ONLY

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE	(25A) QUANTITY
	CUT	1
(26A) FEE DUE FOR (PTC)	(27A) TOTAL FEE	FCC USE ONLY
$1,015.00	$1,015.00	
(28A) FCC CODE 1	(29A) FCC CODE 2	

(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1	(29B) FCC CODE 2	

SECTION D – CERTIFICATION

CERTIFICATION STATEMENT
I, WINAFRED R. BROWN, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.

SIGNATURE Winafred R. Brown DATE 7/30/10

SECTION E - CREDIT CARD PAYMENT INFORMATION

MASTERCARD____ VISA____ AMEX____ DISCOVER____

ACCOUNT NUMBER______________________ EXPIRATION DATE______________

I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.

SIGNATURE______________________ DATE______________

Approved by OMB 3060-0589

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE (CONTINATION SHEET)
FORM 159-C

Page No 2 of 2

SPECIAL USE

FCC USE ONLY

USE THIS SECTION ONLY FOR EACH ADDITIONAL APPLICANT
SECTION BB - ADDITIONAL APPLICANT INFORMATION

(13) APPLICANT NAME
NTELOS Inc.

(14) STREET ADDRESS LINE NO. 1
401 Spring Lane, Suite 300

(15) STREET ADDRESS LINE NO. 2
P.O. Box 1990

(16) CITY	(17) STATE	(18) ZIP CODE
Waynesboro	VA	22980

(19) DAYTIME TELEPHONE NUMBER (include area code)	(20) COUNTRY CODE (if not in U.S.A.)
540-946-3500	

FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN)	(22) FCC USE ONLY
0005849518	

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE	(25A) QUANTITY
(26A) FEE DUE FOR (PTC)	(27A) TOTAL FEE	FCC USE ONLY
(28A) FCC CODE 1	(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY
(28B) FCC CODE 1	(29B) FCC CODE 2	
(23C) CALL SIGN/OTHER ID	(24C) PAYMENT TYPE CODE	(25C) QUANTITY
(26C) FEE DUE FOR (PTC)	(27C) TOTAL FEE	FCC USE ONLY
(28C) FCC CODE 1	(29C) FCC CODE 2	
(23D) CALL SIGN/OTHER ID	(24D) PAYMENT TYPE CODE	(25D) QUANTITY
(26D) FEE DUE FOR (PTC)	(27D) TOTAL FEE	FCC USE ONLY
(28D) FCC CODE 1	(29D) FCC CODE 2	
(23E) CALL SIGN/OTHER ID	(24E) PAYMENT TYPE CODE	(25E) QUANTITY
(26E) FEE DUE FOR (PTC)	(27E) TOTAL FEE	FCC USE ONLY
(28E) FCC CODE 1	(29E) FCC CODE 2	
(23F) CALL SIGN/OTHER ID	(24F) PAYMENT TYPE CODE	(25F) QUANTITY
(26F) FEE DUE FOR (PTC)	(27F) TOTAL FEE	FCC USE ONLY
(28F) FCC CODE 1	(29F) FCC CODE 2	

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
FIBERNET OF VIRGINIA, INC.,	)	
FIBERNET, L.L.C.,	)	
FIBERNET TELECOMMUNICATIONS OF	)	
PENNSYLVANIA, LLC, AND	)	WC Docket No._____
FIBERNET OF OHIO, LLC	)	
	)	File Nos. ITC-T/C _________
Applications for Consent to Transfer	)	
Control of Companies That Provide	)	
International Service Pursuant to	)	
Section 63.21(h) of the FCC Rules and	)	
Hold Blanket Domestic Section 214 Authority,	)	
Pursuant to Section 214 of the	)	
Communications Act of 1934, as Amended	)	
	)	
Request for Waiver of the Cable/Telco Buyout	)	
Provisions of Section 652(b) of the	)	
Communications Act of 1934, as Amended	)	

To: International Boreau
Wireline Competition Bureau

JOINT DOMESTIC AND INTERNATIONAL APPLICATION AND REQUEST FOR WAIVER

One Communications Corp. ("One" or "Transferor") (FRN: 0015-3377-02); FiberNet of Virginia, Inc. (FRN: 0014-7104-87), FiberNet, L.L.C. (FRN: 0003-7710-11), FiberNet Telecommunications of Pennsylvania, LLC (FRN: 0003-7710-45), and FiberNet of Ohio, LLC (FRN: 0003-7841-47) (collectively, "FiberNet" or "Licensees"); and NTELOS Inc. (FRN: 0005-8495-18) ("NTELOS" or "Transferee," and collectively with One and FiberNet, the "Applicants") hereby seek the consent of the Federal Communications Commission ("FCC" or "Commission") pursuant to Section 214 of the

Communications Act of 1934, as amended (the "Act"), 47 U.S.C. §214, and Sections 63.03, 63.04 and 63.24(e) of the Commission's Rules, 47 CFR §§ 63.03, 63.04, 63.24(e), for the transfer of ultimate control of FiberNet from One to NTELOS. Because certain FiberNet subsidiaries provide telephone exchange service in several franchise areas of a cable operator with which NTELOS is affiliated, the Applicants also request a waiver of the cable/telco buyout restrictions in Section 652(b), 47 U.S.C. § 572(b), pursuant to Section 652(d)(6) of the Act, 47 U.S.C. § 572(d)(6), and Section 76.505(d)(6) of the Commission's Rules, 47 CFR § 76.505(d)(6).

As discussed herein, through its subsidiaries, NTELOS provides or will soon provide local exchange telecommunications services as a competitive local exchange carrier ("CLEC") in Virginia, West Virginia, Pennsylvania, and Maryland, and as a rural incumbent local exchange carrier ("ILEC") in certain areas of western and southern Virginia. NTELOS is not affiliated with any foreign carriers, but is affiliated with a cable operator, Cequel Communications, LLC d/b/a Suddenlink ("Suddenlink"), per Section 76.505(f) of the Commission's Rules, 47 CFR § 76.505(f). NTELOS and Suddenlink are affiliated only because Quadrangle, a private investment firm, has minority interests in both Suddenlink and NTELOS, and is represented on the Board of Directors of each company. The two companies compete with one another and share nothing other than Quadrangle as an investor.

One owns a number of CLECs that provide telecommunications services in certain Northeast, Mid-Atlantic and Midwestern states. One's FiberNet subsidiaries provide local exchange telecommunications services on a competitive basis in Maryland, Ohio, Pennsylvania, Virginia, Kentucky, and West Virginia, including portions of

Suddenlink's cable franchise areas in West Virginia, Ohio, Kentucky, and Maryland. The FiberNet subsidiaries are not ILECs in any area, nor do they provide CLEC services in the areas of Virginia where NTELOS operates as an ILEC. The CLEC service areas of NTELOS and FiberNet overlap in Winchester, Virginia; Hagerstown, Maryland; and a number of locations in West Virginia, as shown in **Exhibit A**.

The Applicants respectfully request streamlined treatment of the international portion of this Application pursuant to Section 63.12 of the Commission's Rules, 47 C.F.R. §63.12. As shown below, the international component of this Application qualifies for streamlined processing. The Applicants do not seek streamlined processing for the domestic portion of this Application in light of the Applicants' request for a Section 652(d)(6) waiver. However, the Applicants respectfully request that the Commission expedite processing of this Application so that the benefits of the proposed transaction may be realized as quickly as possible. A domestic Section 214 supplement, containing the information required by 47 C.F.R. §63.04, is attached hereto as **Exhibit B**.

I. APPLICANTS

A. NTELOS

NTELOS, a wholly-owned subsidiary of NTELOS Holdings Corp. ("NTELOS Holdings") (NASDAQ: NTLS), is a leading provider of wireless and wireline communications and information services to consumers and businesses primarily in Virginia and West Virginia. The company's service offerings include wireless personal communications services ("PSC"), local and long distance telephone services, high capacity network services (including Metro Ethernet) and broadband Internet access (such as DSL and dedicated access).

NTELOS is headquartered in Waynesboro, Virginia and employs over 1,350 people. For 2009, NTELOS had operating revenues of $549.7 million and EBITDA of $227.1 million. Its 2009 capital expenditures exceeded $119 million. A chart showing the current corporate structure of NTELOS is attached as **Exhibit C.**

Wireline services. NTELOS' wireline business consists of two traditional ILECs and a competitive business unit that offers retail and wholesale services. Founded in 1897 as the Clifton Forge-Waynesboro Telephone Company, NTELOS' ILECs have a long history of providing exceptional telephone service in rural Virginia, specifically in the cities of Waynesboro and Covington, and portions of Alleghany, Augusta and Botetourt counties. As of June 30, 2010, NTELOS' ILEC subsidiaries operate approximately 37,075 rural ILEC lines. They provide DSL service with 6 Mbps speed in over 98 percent of their service area. In addition, they pass approximately 10,100 homes with fiber and offer those customers broadband speeds of up to 20 Mbps. NTELOS' ILEC subsidiaries are as follows:

- NTELOS Telephone Inc. ("NTELOS Telephone") provides local and long distance services as a rural ILEC in the Cities of Waynesboro and Covington, and portions of Augusta and Alleghany Counties in Virginia. NTELOS Telephone is a direct, wholly-owned subsidiary of NTELOS Communications Inc. ("NTELOS Communications"), which in turn is a wholly-owned subsidiary of NTELOS.
- Roanoke and Botetourt Telephone Company ("RBTC") provides local and long distance services as a rural ILEC in Botetourt County, Virginia, including in the Towns of Troutville, Daleville, and Fincastle, Virginia. RBTC is a direct, wholly-owned subsidiary of R&B Communications, Inc., which is in turn a wholly-owned subsidiary of NTELOS.

With the launch of CLEC services in 1998, NTELOS' wireline business evolved into the regional provision of transport, IP, broadband, voice and data services. As of December 31, 2009, NTELOS had approximately 49,700 CLEC lines across 31 markets in western Virginia and West Virginia, central and western Pennsylvania, and portions of Maryland. Virtually all of these lines serve business customers. Subsidiaries of NTELOS are certificated as CLECs in Virginia, West Virginia, Pennsylvania and Maryland, as follows:

- NTELOS Network Inc. ("NTELOS Network"), a direct, wholly-owned subsidiary of NTELOS, is a CLEC providing local and long distance services in Virginia. NTELOS Network holds Section 214 authority to provide international services on a resale basis.

- NA Communications Inc. ("NA Communications") is a CLEC providing local and long distance services in Virginia. NA Communications is a direct, wholly-owned subsidiary of NTELOS Netaccess Inc., which in turn is a direct, wholly-owned subsidiary of NTELOS.

- NTELOS of West Virginia ("NTELOS West Virginia") is a CLEC providing local, long distance, Internet access and other services in West Virginia. NTELOS West Virginia is a direct, wholly-owned subsidiary of NTELOS Communications.

- R&B Network, Inc. ("R&B Network") is a CLEC providing local and long distance services in Virginia. R&B Network holds Section 214 authority to provide international service on a resale basis. R&B Network is a direct, wholly-owned subsidiary of R&B Communications, Inc., which in turn is a wholly-owned subsidiary of NTELOS.

The heart of NTELOS' wireline business is an extensive 4,800 route-mile fiber optic network, which is used to backhaul communications traffic for retail services; serve as a carriers' carrier network; and provide transport services to third parties for long distance, Internet, wireless and private network services. NTELOS' fiber optic network enables NTELOS to offer its customers leading-edge technology services, including Metro Ethernet and IP-based services. NTELOS provides international service to its customers purely through the resale of the international service offerings of underlying interexchange carriers.

Wireless services. NTELOS' wireless operations consist of (i) an NTELOS-branded retail business, and (ii) a wholesale business. The wholesale business primarily generates revenues under an exclusive contract with Sprint Spectrum L.P., pursuant to which NTELOS provides Sprint services in western Virginia and West Virginia and receives a minimum of $9 million per month from Sprint. NTELOS holds PCS licenses to operate in twenty-nine basic trading areas ("BTAs") in Virginia and West Virginia with a total population of approximately 8.8 million. In addition, NTELOS holds seven Advanced Wireless Services ("AWS") licenses in western Virginia. NTELOS has built out its network in twenty of its BTAs and covers over 5.5 million POPs. NTELOS now serves approximately 440,000 retail wireless subscribers representing approximately 8 percent penetration of NTELOS' total covered population.

NTELOS continues to make significant investments in its wireless network. For example, in June 2009, NTELOS completed an upgrade of virtually all of its wireless network for mobile broadband services to Evolution Data Optimized Revision A ("EV-DO").

Ownership. A chart showing all current owners of NTELOS that hold a 10 percent or greater interest is attached as **Exhibit D**. Quadrangle affiliated entities collectively hold a 27.4 percent indirect voting and equity interest in NTELOS. There are no individuals or entities other than Quadrangle that hold a 10 percent or greater interest in NTELOS.

Quadrangle's interest in NTELOS is held by certain private equity funds managed by affiliates of Quadrangle Group LLC ("Quadrangle Group"). All Quadrangle entities with ownership interests in NTELOS are organized under U.S. law. Quadrangle Group is a private investment firm based in New York City with more than $3 billion in assets under management. Quadrangle Group invests in media and communications companies through separate private and public investment strategies. Since its inception in 2000, Quadrangle Group's private equity funds have completed over 20 investments in the communications sector. A number of Quadrangle's investments have been in companies providing services to rural communities, including rural local exchange carriers, CLECs, cable operators, and wireless providers. Quadrangle's current investments include the following:

- Hargray Communications Group, an integrated telecommunications provider serving southeastern South Carolina and northeastern Georgia. The company's operations include traditional telephone carrier services, Internet services, cable television, wireless telephone and a telephone directory publishing operation.
- Suddenlink, the eighth largest cable operator in the U.S., operating in 16 states (Arkansas, California, Idaho, Kentucky, Louisiana, Maryland, Missouri, Mississippi, North Carolina, New Mexico, Nevada, Ohio, Oklahoma, Texas, Virginia and West Virginia).
- Bresnan Broadband Holdings LLC, a cable service provider that operates in Colorado, Montana, Utah, and Wyoming.

Quadrangle GP Investors LP (and its parent Quadrangle GP Investors LLC) holds an aggregate indirect interest of 13.9 percent in NTELOS. The managing members of Quadrangle GP Investors LLC are Peter Ezersky, Michael Huber, and Joshua Steiner, all of whom are U.S. citizens. Quadrangle GP Investors LLC is the general partner of Quadrangle GP Investors LP, which is in turn the general partner of Quadrangle Capital Partners LP, Quadrangle Capital Partners-A LP, and Quadrangle Select Partners LP (collectively, the "Quadrangle I Funds"). The Quadrangle I Funds together directly own an estimated 13.9 percent of NTELOS Holdings and thus indirectly own an estimated 13.9 percent of NTELOS. No individual fund holds more than 10 percent of NTELOS.

Quadrangle GP Investors II LP (and its parent QCP GP Investors II LLC) holds an aggregate indirect interest of 13.5 percent in NTELOS. The managing members of QCP GP Investors II LLC are Peter Ezersky, Andrew Frey, Michael Huber, Edward Sippel, and Joshua Steiner. Although QCP GP Investors II LLC and Quadrangle GP Investors LLC share the same managing members, the assets and business of each LLC are completely separate. QCP GP Investors II LLC is the general partner of Quadrangle GP Investors II LP, which is in turn the general partner of Quadrangle (AIV2) Capital Partners II LP, Quadrangle Capital Partners II-A LP, and Quadrangle (AIV2) Select Partners II LP (collectively, the "Quadrangle II Funds"). The Quadrangle II Funds together, as managing members, directly own an estimated 13.5 percent of NTELOS Holdings and thus indirectly own an estimated 13.5 percent of NTELOS. Only Quadrangle (AIV2) Capital Partners II LP holds more than 10 percent of NTELOS.

B. One and FiberNet

One, the ultimate parent company of FiberNet, is a Delaware corporation with headquarters in Burlington, Massachusetts. One is the surviving corporation from the merger of CTC Communications Group, Inc. ("CTC Group") and Choice One Communications Inc. ("Choice One"), which was authorized by the Commission on June 26, 2006.[1] Subsequent to the merger but on that same date, One acquired control of Conversent Communications, Inc. ("Conversent"). One holds international Section 214 authority granted in IB File No. ITC-214-20040708-00260.

1 *See* WC Docket No. 06-47 and IB File Nos. ITC-T/C-20060222-00100, ITC-T/C-20060222-00101, ITC-T/C-20060222-00102, ITC-T/C-20060222-00103, ITC-T/C-20060222-00103, and ITC-T/C-20060222-00106.

One is a holding company for a number of operating subsidiaries, including FiberNet. The operating subsidiaries of One are common carriers that provide communications and information services to small, medium and large size businesses predominantly in the Northeast, Mid-Atlantic, and Midwest regions (Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, and Wisconsin) as well as to a small number of residential customers in Connecticut, New York, and West Virginia. Each of the One subsidiaries operates pursuant to One's international Section 214 authority and provides international services purely on a resale basis.[2] With the exception of the FiberNet subsidiaries, all of the One subsidiaries offer service under the name "One Communications."

FiberNet. The only subsidiaries of One that are being acquired by NTELOS in the instant transaction are the FiberNet subsidiaries. FiberNet is headquartered in Charleston, West Virginia, and employs 240 people. Formed in 1997 as a small, customer-centric and solutions-based company, FiberNet has evolved into a strong regional company. FiberNet provides voice, data, and IP-based services, including local and long distance telephone services, Internet access services, high-speed data transport, ISDN, WAN/MAN, DSL, VPNs, Ethernet, and broadband services, in West Virginia and the surrounding regions. The company is a leader in its regional markets, serving nearly 25,000 businesses and 9,000 residential customers with over 100,000 access lines. In

[2] One will retain this international Section 214 authority post-close. Upon consummation of the proposed transaction, FiberNet will provide international services pursuant to NTELOS' international Section 214 authorizations.

2009, FiberNet had revenue of $76M and EBITDA of $25M. Capital spending during that period was $13M for network sustainment and upgrades, customer fiber builds, and system development.

Facing a broad competitive landscape, FiberNet has pursued a strategy focused on building and owning fiber rather than leasing it from incumbent carriers. FiberNet now has a long-haul fiber network extending for approximately 3,500 route miles. The network covers all of West Virginia (FiberNet, L.L.C.) and extends into surrounding areas in Ohio (FiberNet of Ohio, LLC), Maryland (FiberNet, L.L.C.), Pennsylvania (FiberNet Telecommunications of Pennsylvania, LLC), Virginia (FiberNet of Virginia, Inc.) and Kentucky (FiberNet, L.L.C.). By delivering carrier class backbone, the company is able to deliver superior levels of connectivity and service. Nearly all customers terminate to FiberNet facilities, and 12 percent are served with direct fiber connections end-to-end. The network is connected to major carrier networks and includes approximately 100 locations.

<u>Ownership</u>. The FiberNet subsidiaries are each direct, wholly-owned subsidiaries of Mountaineer Telecommunications, LLC ("Mountaineer"), a West Virginia corporation that functions as a holding company. Mountaineer is a direct, wholly-owned subsidiary of Conversent, which is a direct, wholly-owned subsidiary of One. At present, there are three entities that hold a 10 percent or greater ownership interest in One: Columbia Ventures Broadband LLC ("CVC Broadband"), Quantum Partners LDC ("Quantum"), and Varde Investment Partners LP ("Varde").

CVC Broadband holds a 48.8 percent ownership interest in One and has *de facto* control of One. CVC Broadband, a Washington state limited liability company, is a holding company and a wholly-owned subsidiary of Columbia Ventures Corporation ("CVC"). CVC, a Washington state corporation, owns and operates a portfolio of telecommunications companies and a small number of manufacturing businesses around the world. Neither CVC nor CVC Broadband provide telecommunications services. Kenneth D. Peterson, Jr., a U.S. citizen, holds 100 percent of the ownership interest in CVC.

At present, Quantum holds a 13 percent ownership interest in One. Quantum is a Cayman Islands limited duration corporation whose principal business is investment. Quantum is ultimately controlled by George Soros, a U.S. citizen who is chairman of Soros Fund Management LLC ("SFM"), a Delaware limited liability company. By virtue of a management agreement between SFM and Quantum, Mr. Soros exercises voting and dispositive power over the shares of One held by Quantum.

Varde currently holds a 10 percent ownership interest in One. Varde is a limited partnership that was formed under the laws of Delaware and whose principal business is investment. Varde is ultimately controlled by George G. Hicks, Marcia L. Page, and Gregory S. McMillan.

A diagram showing the current corporate structure of One and FiberNet is provided in **Exhibit E**.

II. DESCRIPTION OF THE TRANSACTION

Pursuant to a purchase agreement dated July 19, 2010, by and among NTELOS, Conversent and One (the "Agreement"), NTELOS will purchase all of the membership interests of Mountaineer, the parent company of FiberNet, from Conversent at closing (the "Transaction"). NTELOS' interests in Mountaineer will be held by a new direct, wholly-owned subsidiary of NTELOS, NTELOS FiberNet Inc. ("NTELOS FiberNet"). As a result of the Transaction, NTELOS will become the new ultimate parent company of FiberNet. One will remain the parent company of Conversent and all other One operating subsidiaries. Consummation of the Transaction is conditioned upon receipt of all necessary regulatory approvals.

The Transaction does not involve the transfer of any operating authority, assets, or customers. Immediately following closing, FiberNet will continue to offer to their customers the same services at the same rates, terms and conditions pursuant to existing tariffs, contracts, and published rates and charges. Accordingly, the Transaction will be transparent to consumers. The only change will be that FiberNet Subsidiaries will be under the control of NTELOS.

A diagram showing the corporate structure of NTELOS post-close is provided in **Exhibit F**.

III. REQUEST FOR SECTION 652(D)(6) WAIVER

Section 652(b) of the Act provides that "no cable operator or affiliate of a cable operator…may purchase or otherwise acquire…more than a 10 percent financial interest, or any management interest, in any local exchange carrier providing telephone exchange service within such cable operator's franchise area."[3] As noted previously, Quadrangle holds a minority interest (27.4 percent) in NTELOS as well as in Suddenlink (16.64 percent), a cable operator. In addition, Michael Huber, a Managing Principal of Quadrangle Group and a member of the Board of Directors of Suddenlink, is also Chairman of the Board of Directors of NTELOS. Quadrangle is also represented on the

[3] 47 U.S.C. § 572(b); see also 47 CFR § 76.505.

Board of Directors of Suddenlink by Amanda Siegal, a Principal of Quadrangle Group, and on the Board of Directors of NTELOS by Daniel Fine, a Vice President of Quadrangle Group. As such, Quadrangle has an attributable interest in both Suddenlink and NTELOS. Quadrangle and NTELOS are affiliates of Suddenlink for the purposes of Section 652 of the Act.[4] Since FiberNet provides local exchange service in certain Suddenlink franchise areas, NTELOS' acquisition of FiberNet would trigger the cable/telco buyout prohibition in Section 652(b).

Section 652(d) of the Act authorizes the Commission to waive Section 652(b) if (1) "the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served" and (2) the relevant local franchising authorities approve of such a waiver.[5] The Applicants submit that the requirements of Section 652(d) are satisfied in this case such that the Commission should grant the requested waiver for the following reasons.

The Transaction does not present the "anticompetitive effects" Section 652(d) is intended to address. The purpose of Section 652 is to promote facilities-based competition in the provision of voice and video services. The acquisition of a local exchange carrier by a cable operator potentially decreases such facilities-based competition. Thus, Section 652(d) requires a demonstration that such "anticompetitive

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4 *See* 47 CFR §§ 76.505(f) (entities are affiliated for the purposes of this section if either entity has an attributable interest in the other, or if a third party has an attributable interest in both entities), 76.505(g) (attributable interest shall be defined by reference to the criteria set forth in Notes 1 through 5 to § 76.501, the cable attribution rules), and 76.501 note 2(a) (partnership, direct ownership interests, and any voting stock interest amounting to 5 percent or more of the outstanding voting stock of a corporation will be cognizable).

5 47 U.S.C. § 572(d)(6); *see* 47 CFR § 76.505(d)(6).

effects" of the acquisition are outweighed by the benefits to the affected community as a condition of any waiver of the buyout prohibition.

NTELOS' acquisition of FiberNet does not diminish facilities-based cable-telco competition because this Transaction is simply not the acquisition of a local exchange carrier by a cable operator. Although NTELOS and Suddenlink are considered affiliated for the purposes of Section 652, there is no way NTELOS can be viewed as a "stand-in" for Suddenlink in the Transaction. NTELOS and Suddenlink are different companies with different ownership, missions, management, facilities, operations, and services. They view each other as competitors. While they have a common investor – Quadrangle -- and each has two directors (including one common director) appointed by that investor, they share nothing more.

Similarly, Quadrangle is no "stand-in" for Suddenlink here. Quadrangle's investments in NTELOS and Suddenlink are driven not by a desire to build a communications empire of companies that act in concert, but by a desire to make wise financial investments. Quadrangle has held ownership interests in NTELOS since 2005 and in Suddenlink since 2006, but there is no evidence that Quadrangle has ever attempted to leverage these interests to gain a competitive edge for either Suddenlink or NTELOS in any market.[6] That is not surprising, since the ability of Quadrangle to force NTELOS and/or Suddenlink to act in an anticompetitive fashion is limited. Quadrangle

6 The Applicants note that Quadrangle's acquisition of an ownership interest in Suddenlink following its investment in NTELOS did not trigger the application of the telco/cable buyout prohibition in Section 652(a) of the Act. Section 652(a) provides that "no local exchange carrier or any affiliate of such carrier…may purchase…more than a 10 percent financial interest…in any cable operator providing cable service within the local exchange carrier's telephone service area." Section 652(e) defines "telephone service area" as the area in which a common carrier subject to Title II of the Act provided telephone exchange service as of January 1, 1993. Suddenlink has never provided cable service in the areas in which NTELOS provided telephone exchange services on January 1, 1993.

does not have *de facto* control of either NTELOS or Suddenlink. Furthermore, Suddenlink and NTELOS each have other significant minority shareholders with a 5 percent or greater interest in the company.[7] Indeed, Quadrangle is not the largest shareholder Suddenlink, as funds affiliated with Goldman, Sachs & Co. hold a 36.36 percent interest. These other minority shareholders can reasonably be expected to object should Quadrangle attempt to force one company to favor the other or engage in other anticompetitive behavior.[8] Under these circumstances, preventing NTELOS from acquiring FiberNet would only serve to discourage Quadrangle and other investment firms from making much-needed capital available to the telecommunications industry.[9]

Thus, the anticompetitive effects of cable/telco buyouts that Section 652 is intended to address are not presented by the Transaction. Rather, the Transaction will enhance, not diminish, facilities-based local exchange service competition in those communities currently served by both Suddenlink and FiberNet. As discussed in more detail in Section IV below, the combination of NTELOS and FiberNet will create a more

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7 Other shareholders of NTELOS that hold 5 percent or more of the company include Prudential Financial, Inc. (7.5 percent); Jennison Associates LLC (7.4 percent); and Systemic Financial Management, L.P (6.6 percent). Other shareholders of Suddenlink that hold 5 percent or more of the company include funds affiliated with Goldman, Sachs & Co. (36.36 percent); funds affiliated with Oaktree Capital Management, L.P. (10.47 percent); and Resolute Funds Group (7.76 percent). *See* Cequel Communications Holdings I, LLC, Annual Report for the Year Ended December 31, 2009, at 88, available at http://financial.suddenlink.com/FinancialInformation/Annual%20Reports/2009/Cequel%20Communications%20Holdings%20I,%20LLC%20Annual%20Report%20as%20of%20December%2031,%202009.pdf (last visited July 30, 2010).

8 *See Review of the Commission's Regulations Governing Attribution of Broadcast and Cable/MDS Interests; Review of the Commission's Regulations and Policies Affecting Investment in the Broadcast Industry; Reexamination of the Commission's Cross-Ownership Policy, Report and Order*, 14 FCC Rcd 12559, ¶ 10 (1999) ("*Broadcast Attribution Order*").

9 *See Broadcast Attribution Order* at ¶ 5 (FCC must tailor attribution rules to permit arrangements in which a particular ownership interest involves minimal risk of influence, in order to avoid unduly restricting the means by which investment capital may be made available to the broadcast industry).

effective and efficient service provider. The backing of NTELOS will make FiberNet a stronger facilities-based competitor to Suddenlink in those communities in which Suddenlink and FiberNet both provide service. The success of the NTELOS-FiberNet team in the market will encourage investment firms such as Quadrangle to provide the capital necessary for fiber and broadband service deployment. As such, the public interest benefits of the Transaction clearly outweigh any associated anticompetitive effects.

Finally, the Applicants will comply, to the extent reasonably practical, with the process established in *CIMCO* for soliciting responses from the relevant local franchising authorities ("LFAs") and for determining whether an LFA approves of the proposed waiver.[10] The applicants in *CIMCO* were required to (a) serve, within 10 days of the release of the public notice of the domestic transfer application, a copy of the public notice on any LFA in the cable/telco overlap areas that currently has authority over the cable operator; (b) file with the Commission a certificate of service attesting that the public notice was timely served; and (c) informally advise the relevant LFAs of the public notice and procedures established for notifying the Commission of their approval or disapproval. Complying with the procedures established in *CIMCO* requires, at a minimum, that the Applicants know which LFAs have jurisdiction over the cable operator in the cable/telco overlap areas. None of the Applicants in this case has this information. The Applicants will continue to use diligent efforts to obtain this information, including attempting to obtain the information from Suddenlink, but due to

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10 *See Applications Filed For the Acquisition of Certain Assets of CIMCO Communications, Inc. by Comcast Phone LLC, Comcast Phone of Michigan, LLC and Comcast Business Communications, LLC, Memorandum Opinion and Order and Order on Reconsiderations*, WC Docket No. 09-183, FCC 10-41, rel. Mar. 15, 2010, at ¶ 15 ("*CIMCO*").

the difficulty in locating the information, there can be no assurance that an accurate service list of all of the relevant LFAs will ever be compiled.

As such, the Applicants propose minor modifications to the procedures adopted in *CIMCO*. Upon release of the public notice, Quadrangle will serve any and all identified LFAs to date, and will provide a certificate of service to the Commission regarding the LFAs so served. At the same time, the Applicants will publish a notice of the filing in a daily newspaper of general circulation that is published in the known Suddenlink franchise areas in which FiberNet provides telephone exchange service. A list of these areas is provided in **Exhibit G**.[11] The Applicants will publish this notice at least twice for two consecutive weeks, and will provide a certificate of publication to the Commission. Under the circumstances of this case, where the cable operator itself is not purchasing the local exchange carrier, a combination of direct service, newspaper publication, and FCC public notice should provide adequate notice to all interested parties. The Commission's Rules recognize the sufficiency of similar alternative forms of notice (including newspaper publication) in other situations involving the transfer of control of a licensee.[12]

Notably, while the Commission even granted the Section 652 waiver requested in *CIMCO*, the *CIMCO* case arose under a significantly different factual situation that presented potential competitive concerns not presented by this Application. In *CIMCO*, the Commission considered whether a cable operator should be permitted to acquire a

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11 The information regarding Suddenlink's franchise areas was obtained from a review of map created by Data Mapping, Inc., dated May 2007, showing the Cable Television Franchise Areas for the Northeast United States. The Applicants are continuing to confirm the accuracy and completeness of the areas listed in the map, and will update this Application in the event that new information becomes available that necessitates such an update.

12 *See* 47 CFR 73.3580.

CLEC against which it competed directly, and thereby eliminate a local exchange competitor in the geographic markets in which their service areas overlapped.[13] The Commission decided that grant of the waiver would serve the public interest anyway because the cable operator and CLEC primarily targeted different product markets/customer segments -- *i.e.*, the cable operator's telecommunications offerings were principally directed at mass market customers, whereas the CLEC being acquired targeted the enterprise market primarily.[14] The situation presented by this Application is fundamentally different. Here, no CLEC is being merged into a cable operator. FiberNet will exist as part of NTELOS, and continue to aggressively compete head on with the cable operator; indeed, FiberNet's ability to compete with the cable operator will be significantly enhanced by consummation of the Transaction. However, the Applicants note that -- just as in *CIMCO* -- FiberNet and the cable operator with which it primarily competes (*i.e.* Suddenlink) for the most part target different customer segments. FiberNet's services are provided overwhelming to enterprise customers; while the company has residential subscribers, they account for less than 9 percent of the company's annual revenue. By contrast, it is the Applicants' understanding that mass market customers are the primary subscribers to Suddenlink's current set of telecommunications services.[15]

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13 *CIMCO* at ¶ 7.

14 *Id.* at ¶¶ 32-35.

15 *See* Cequel Communications Holdings I, LLC, Current Report, Mar. 24, 2010, at 3, 12, available at http://financial.suddenlink.com/FinancialInformation/Current%20Reports/Current%20Report%20of%20Earnings%20Release%20of%20Cequel%20Communications%20Holdings%20I,%20LLC%20for%202009%20Fourth%20Quarter%20and%20Full%20Year.pdf (last visited July 30, 2010).

IV. PUBLIC INTEREST SHOWING FOR SECTION 214 APPLICATION

Pursuant to Section 214 of the Act, control of FiberNet may not be transferred from One to NTELOS unless the Commission finds that "the public interest, convenience and necessity will be served thereby."[16] As discussed below, the Transaction will serve the public interest, as it will yield tangible benefits for the public without harming customers or competition in any market.

A. Public Interest Benefits of the Transaction

The telecommunications industry has seen rapid and fundamental changes in technology, customer preferences, and the competitive landscape over the last decade. These changes require rapid responses and business execution strategies by carriers. To succeed in the current telecommunications marketplace, carriers must have a strategic focus on providing high-quality services while seeking synergies and reducing expense (especially the expenses of leasing facilities from the ILEC.) Specifically, customers of all types and sizes are demanding high bandwidth services on fiber optic facilities with a high degree of reliability and rapid provisioning, repair, and maintenance. Meeting these customer needs requires capital spending not only on dark fiber routes but on metro fiber rings, fiber-to-the-premises, and network infrastructure equipment. The Transaction will allow NTELOS and FiberNet to reduce their reliance on the ILECs and to better meet customer needs.

The combination of NTELOS and FiberNet will create a stronger player in the Mid-Atlantic region that can compete more effectively with large ILECs and cable companies. The Transaction will bring together two successful carrier organizations that

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16 47 U.S.C. § 214.

have proven themselves in a highly competitive marketplace. These organizations have growing customer bases and highly complementary business models of providing facilities-based voice and especially data services. By bringing together each organization's respective strengths, product suites, and geographic footprints, the combined organization will realize increased reach, substantial synergies and cost-savings. The Transaction will strengthen the companies' ability to enhance current service offerings and bring a more advanced suite of services to a broader customer base. Approval of the Transaction therefore will better position NTELOS and FiberNet to reduce costs, increase revenue, and match their business goals with their financing needs in order to achieve significant and deliberate growth. As such, the Transaction will help create a stronger, more enduring competitor than either carrier could achieve on its own in a similar time frame.

Importantly, the President and Congress recently made it a national goal to ensure that every American have "access to broadband capability," and charged the Commission with responsibility to develop a plan to encourage deployment of broadband infrastructure to rural areas and other underserved populations.[17] Indeed, the Chairman observed earlier this week that "every year, the importance of rural broadband to rural America gets greater," and universal service support is insufficient.[18] In implementing the Recovery Act, the Commission made it clear that its policy was to "encourage more private innovation and investment" to speed the deployment of broadband infrastructure

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17 *See* American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, Sec. 6001(k)(2)(D), 123 Stat. 115, 516 (2009) ("Recovery Act").

18 *See Communications Daily*, "Genachowski Urges Thrifty USF Overhaul," at 6 (July 29, 2010).

to such underserved areas.[19] The Transaction furthers that objective. NTELOS has provided telecommunications service to rural America for more than a century, and has aggressively deployed broadband facilities and services in rural areas of Virginia and West Virginia over the past decade. FiberNet has built a fiber optic transmission network that reaches across many rural and semi-rural areas, particularly in West Virginia, but its ability to leverage those assets to deliver broadband services have been slowed by a lack of access to capital. After it assumes ownership of the FiberNet fiber optic network facilities, NTELOS is positioned to immediately inject significant additional capital into the FiberNet operations as required to further upgrade and expand the network to deliver new and expanded broadband services in West Virginia and elsewhere. Indeed, it would be contrary to the national goal of encouraging private investment in rural broadband infrastructure to deny NTELOS the opportunity to acquire and grow FiberNet's operations, or to cut-off the ability of Quadrangle to continue investing in the sector.

B. The Transaction Will Have No Adverse Impact on Customers

Customers subscribing to FiberNet's services will not be adversely affected in any way by the Transaction, as the Transaction will be transparent to FiberNet customers. Immediately following the closing of the Transaction, FiberNet customers will continue to receive service from the FiberNet companies and to see the FiberNet name on their invoices. Current FiberNet customers will remain customers of the same FiberNet subsidiaries.[20] The Transaction will not adversely affect the high level and quality of

19 *See* "Connecting America: The National Broadband Plan," at 5 (rel. Mar. 2010).

20 As such, the Transaction does not raise any slamming concerns or necessitate compliance with Commission procedures for notifying customers prior to a carrier-to-carrier sale or transfer of subscribers.